

# OFFICE OF FISCAL ANALYSIS

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sSB-1239

AN ACT CONCERNING CERTAIN EMPLOYEE STOCK-SHARING  
ARRANGEMENTS.

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## ***OFA Fiscal Note***

### ***State Impact:***

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 24 \$</b>	<b>FY 25 \$</b>
Department of Revenue Services	GF - Potential Revenue Loss	See Below	See Below
Department of Revenue Services	GF - Cost	See Below	See Below

Note: GF=General Fund

***Municipal Impact:*** None

### ***Explanation***

The bill, which creates tax incentives for corporations offering a qualifying employee stock-sharing arrangement, results in (1) a potential General Fund revenue loss beginning in FY 27, and (2) a one-time cost of up to \$75,000 in FY 27 for programming updates to the CTax tax administration system and myconneCT online portal, and for form modification.

### **Revenue Impact**

There is a potential General Fund revenue loss beginning in FY 27 to the extent that companies offer such an arrangement and: (1) the corporation business tax surcharge is extended (the current surcharge expired 1/1/23), or (2) the surcharge is not extended and companies are

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instead eligible to claim tax credits.<sup>1</sup>

Additionally, there is a potential General Fund revenue loss from the personal income tax exemption for qualifying share plan stock, the magnitude and timing of which is dependent on (1) companies offering a qualifying arrangement, and (2) employee stock sales.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to the number and value of qualifying arrangements established in the state.

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<sup>1</sup> For context, in the 2020 income year a total of 3,694 filers paid an aggregate of \$69.7 million in corporate surcharge at the 10% rate.